

Headquarters U.S. Air Force

Integrity - Service - Excellence

Air Force Government Purchase Card (GPC) Program

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Agenda



- **Program Overview**
 - **Actions/Dollars**
 - **AF Performance Measures**
- **Current Environment**
- **What's Next**



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Program Overview

Scope

Air Force

- **44k+ active cardholder accounts**
- **19k+ approving officials**

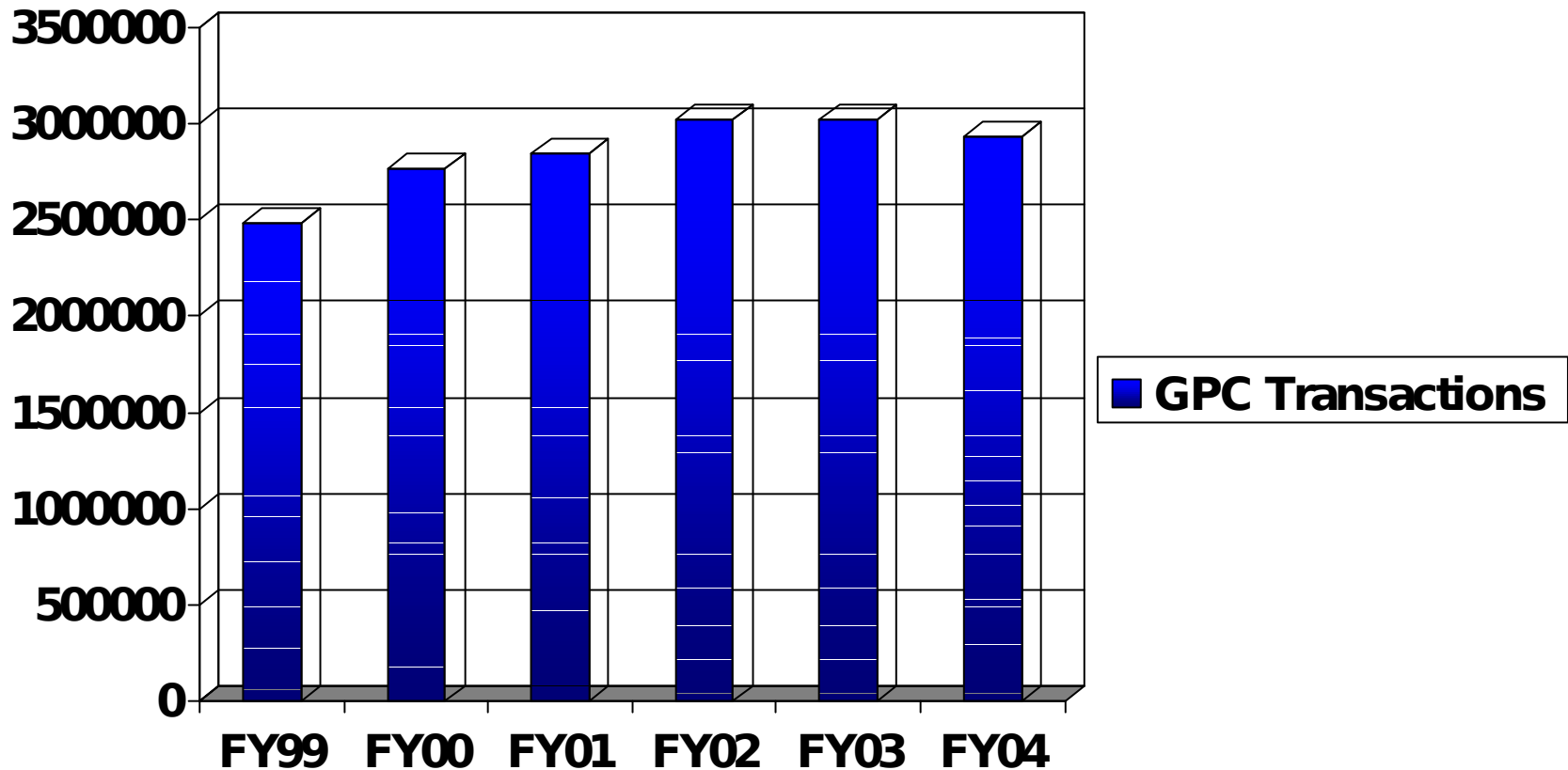
FY 04 Statistics

- **2.9 million transactions**
- **\$1.68 billion**
- **\$13.5 million in rebates**
- **95% of Air Force procurement actions**



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AF GPC Transactions



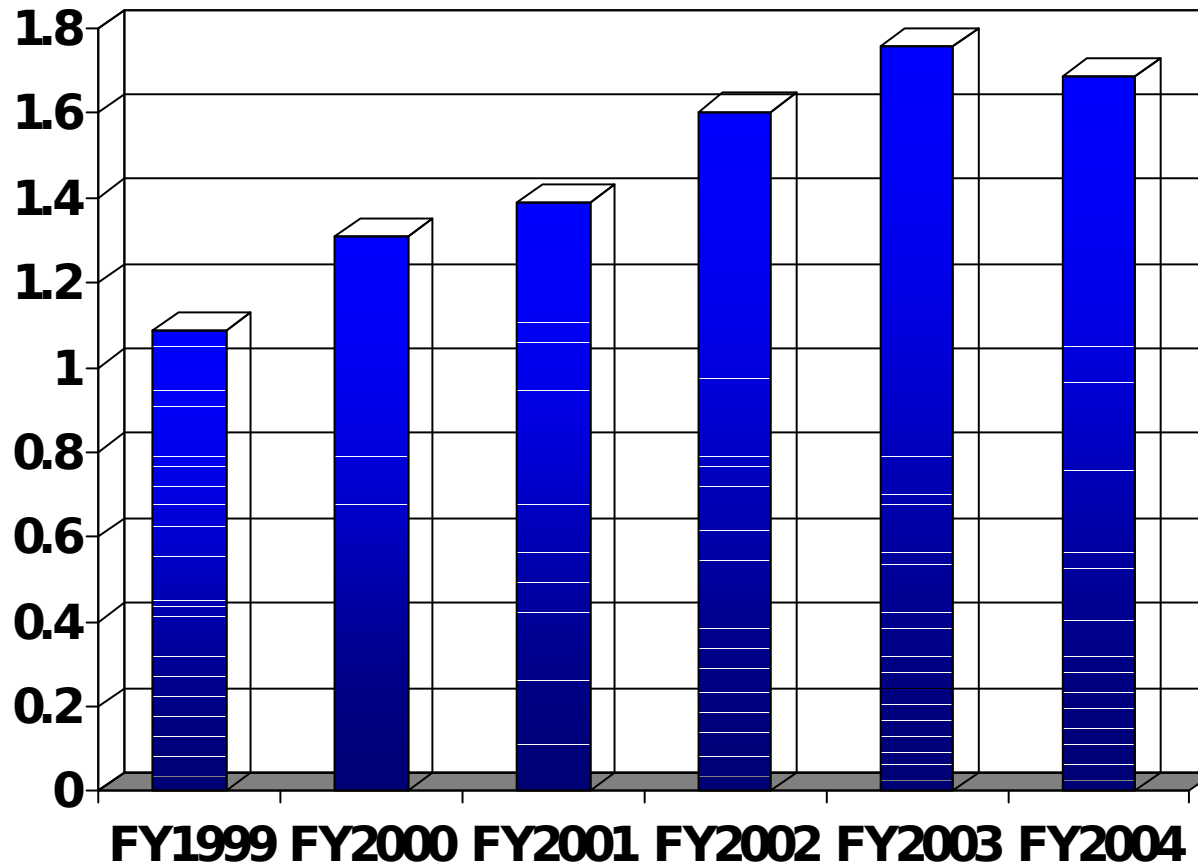


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AF GPC Dollars



\$ BILLIONS



■ GPC Dollars

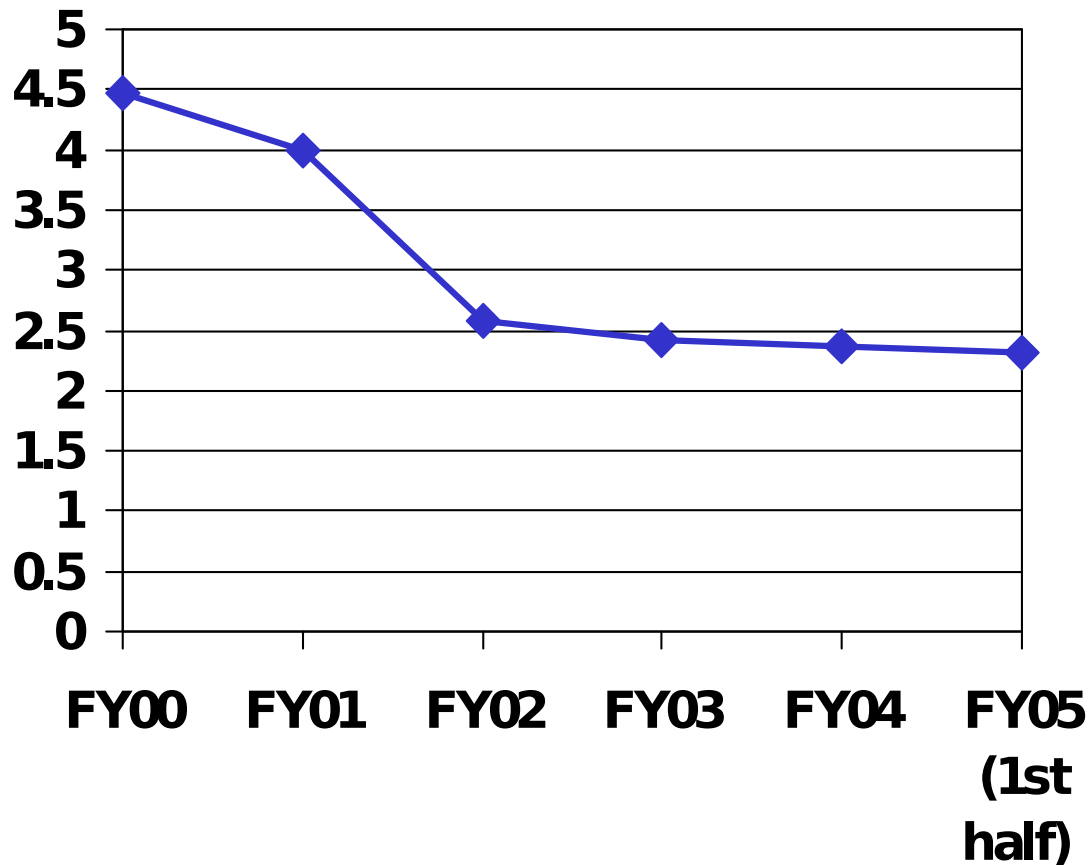


Span of Control Ratio



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CH/AO

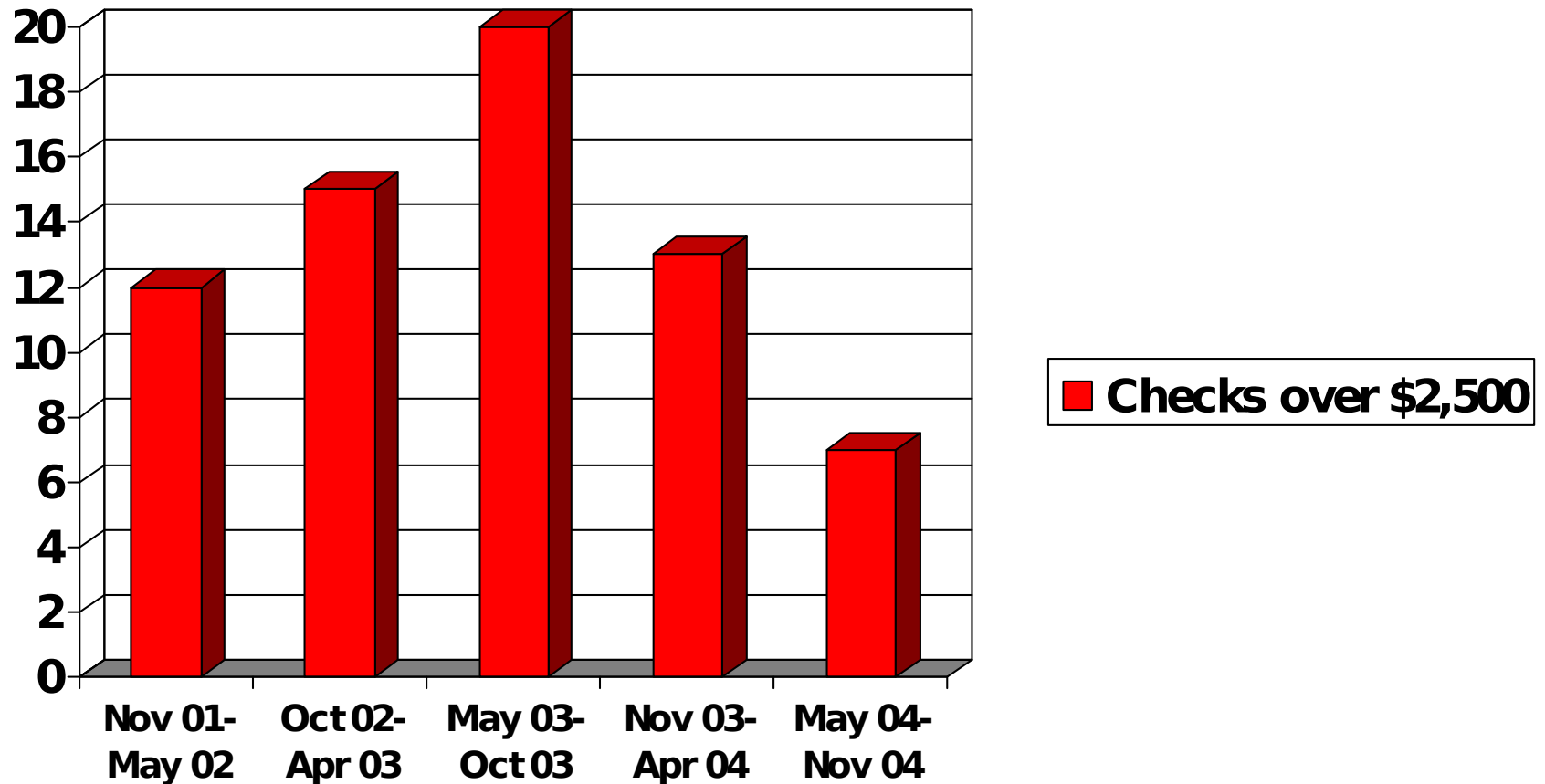


—◆ Span of Control Ratio -
Approving Official to
Cardholder



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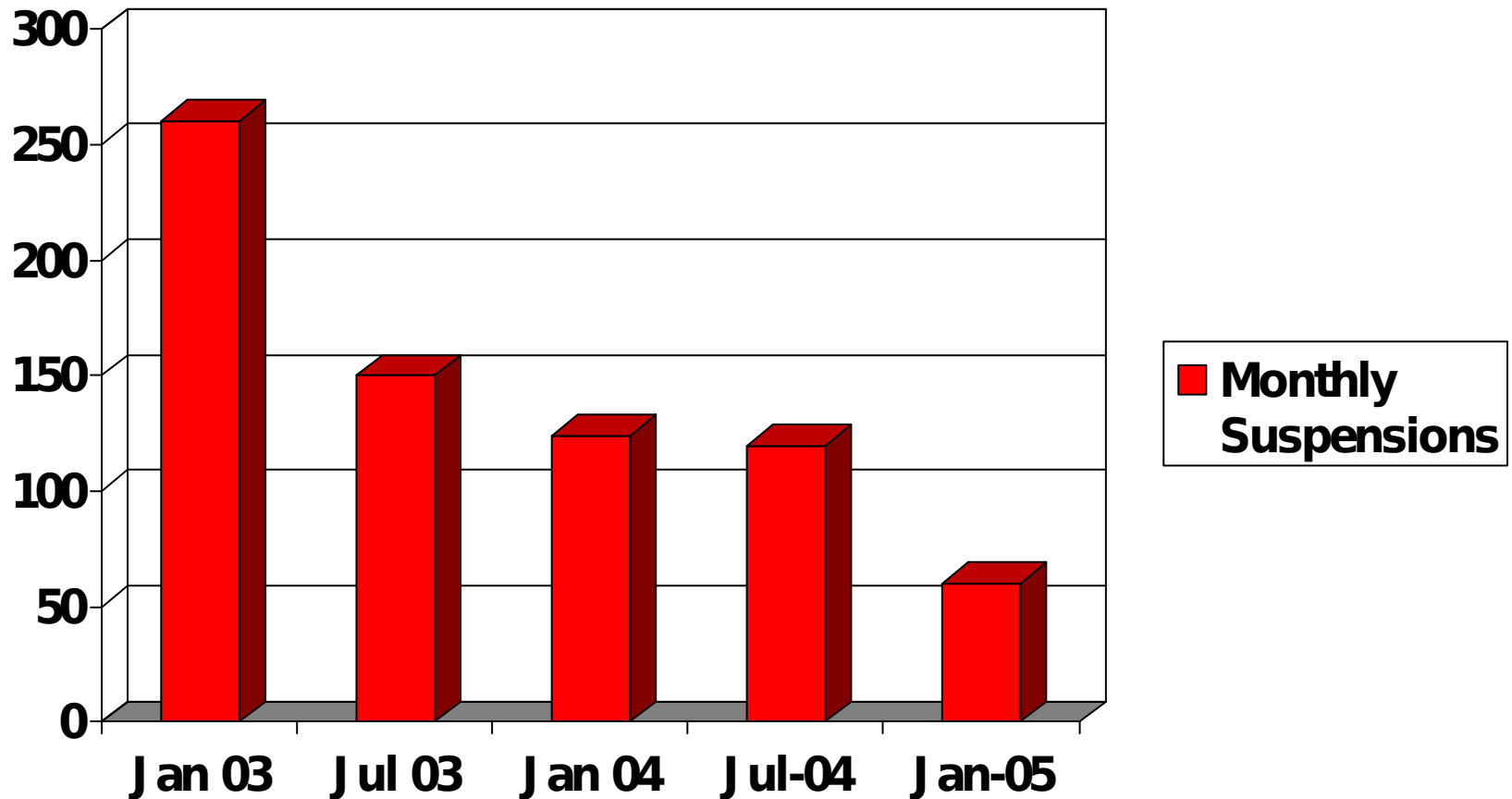
Convenience Check Violations





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AF Accounts Suspended





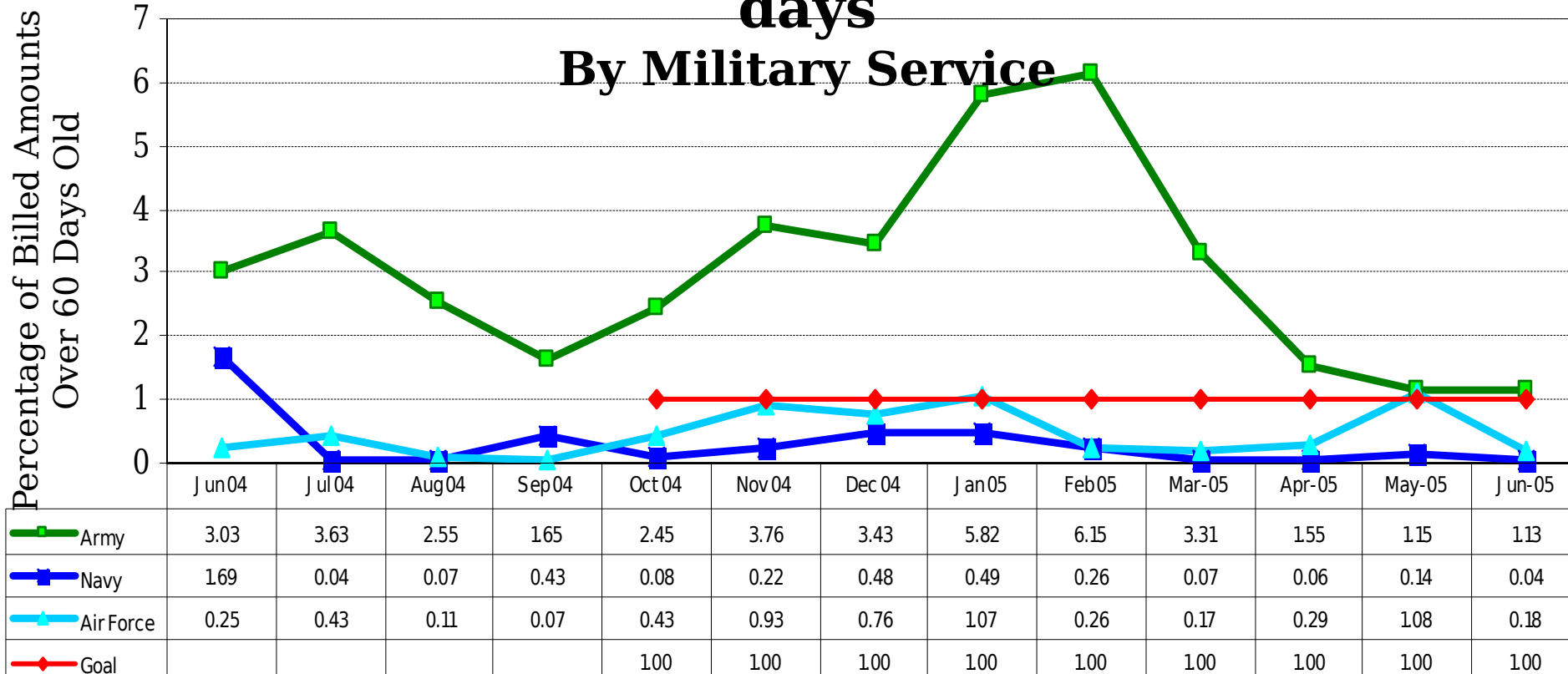
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Purchase Cards Used by DoD Organizations

Percentage of Amounts Unpaid after 60 days

By Military Service



FY05
Goal

Jun 2005	Military Services
\$ Value of Purchases in Current Month	\$509,066,369
\$ Value of Total Outstanding Balances	\$557,240,773
\$ Value over 60 Days	\$3,877,556

(Green)

Air Force Contracting: Expeditionary - Agile -

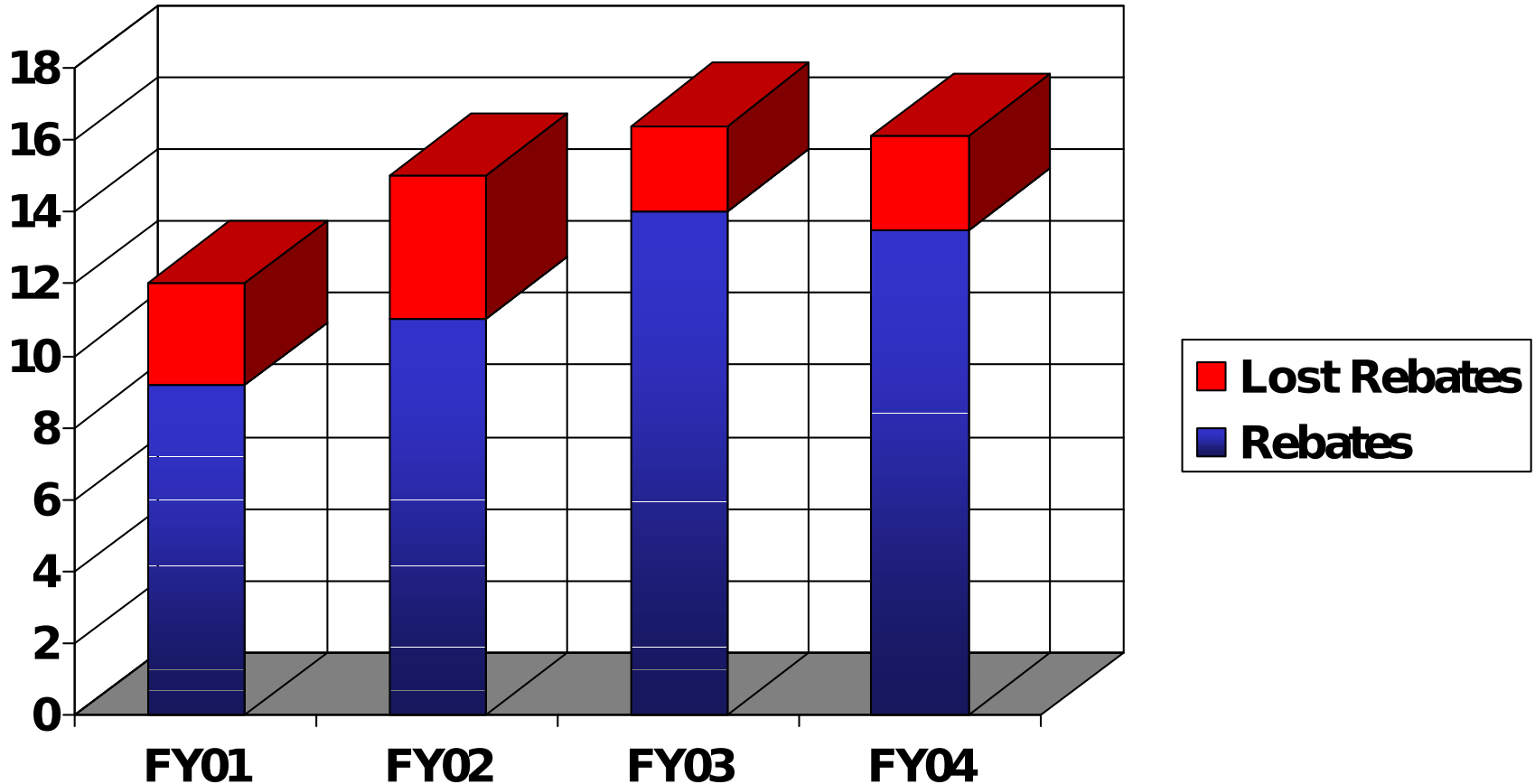


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AF Rebates Received/Lost



Millions





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Rebate Maximization



- **Ways to increase rebates--**
- **Improve current processes**
 - AF has been averaging 30 days for the last two FYs
 - 22 days is the current metric being use by DoD
 - Achievable but requires proactive effort by FSOs
 - A/OPCs need to understand file turn and assist the FSO in resolving problems when needed
- **Change current processes—**
 - Change the billing cycle (pay more frequently)
 - Change purchase patterns
- **Increase expenditures on the card—**
 - Expanding use of the card
 - Program Optimization (misc payments)
 - Increase use GPC as method of payment on contracts or raising threshold for placing orders against schedule



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DoD Charge Card Task Force



- **Established by USD(C) - March 2002**
 - **Made recommendations to improve oversight and strengthen the Department's Charge Card Program**
 - **Management Initiative Decision (MID) 904 established to track implementation of recommendations**
 - **25 original PC tasks**
 - **15 Purchase Card**
 - **11 Common (Purchase and Travel)**



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MID 904 Completed Actions (Purchase Card)



- PC-01 DoD Concept of Operations (CONOPS) published**
- PC-03 Span of control policy Issued**
- PC-04 Training material for PC officials developed**
- PC-05 List of recommended skills and grade published in DoD CONOPS**
- PC-06 Strengthened pecuniary liability procedures in regulations**
- PC-07 Additional methods to prosecute fraud identified**
- PC-08 Strengthened compliance language in regulations**
- PC-09 Coordination of cases of abuse with investigative agencies and security managers/supervisors required**
- PC-10 DoD CONOPS - Skills and duties be noted in job descriptions/standards**
- PC-11 Requirement established for GPC training data base**
- PC-12 Mandatory review of Approving Officials non-GPC workload required**
- PC-13 Strategic sourcing strategy developed**
- PC-14 Standard review checklists developed & published in CONOPS**
- PC-15 Standard A/CPS...**



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MID 904 - Common Items

Completed Items

CO-01 Deputy Secretary of Defense issued guidance on Charge Cards

CO-06 Report Charge Card data to OMB

CO-09 Reduce number of Charge Cards to under 1.5 million accounts

On-track actions

CO-02 Issue DoD Directive on Charge Cards

CO-03 Develop methods to control Charge Cards upon departure

CO-04 Authorization, issuance and risk management strategy

CO-05

CO-08 Disciplinary and administrative actions

CO-10

Air Force Contracting: Expeditionary - Agile -

CO-07 Creditworthiness issues



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Creditworthiness Issues



- **On-going Efforts:**

- **OMB Circular - Issued 5 Aug**
- **OSD General Counsel opinion regarding purchase cards has been requested by DoD PMO**
- **Treasury/Transportation Conference included provision allows issuance of restricted cards.**
- **DD Form 2883 approved and published (DoD's cardholder's self certification of creditworthiness)**

- **Legislative History:**

- **FY 03 and 04 Defense Appropriation Acts carried initial requirement**
- **FY 04 Defense Authorization Act - Provision for Travel Card Only**
- **FY 04 Treasury Appropriation Bill - Government-wide**
- **FY 05 Treasury/Transportation (government-wide) not published**

CO-7



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Metrics Delinquencies and Rebates



- **Working Group established with members from OSD Comptroller's Office, DFAS and DoD PMO**
- **Goal: A standardized report that provides the necessary information for all three groups**
 - **Plan to standardize cycle date for all - currently all different**
 - **Plan to have all reports issued as of cycle date (currently a mix of cycle and month end)**
 - **Eliminating redundant delinquency reports**
 - **Plan to require all metrics to use delinquency date as date of Prompt Payment interest (current metrics & GSA Master Contract are 60 days)**



Completed Audits



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- **AFAA, “Air Force Government Purchase Card Internal Controls” Final Report (F2003-FC3000-0076) Sept 2004**
 - **Did not identify fraudulent activity requiring referral to the AFOSI**
 - **Reductions in the number of split purchases made to avoid purchase card limits**
 - **Noncompliance with card usage policies still indicates inadequate policy enforcement by using activities**
 - **Record retention was significant problem (9.4% failure rate)**
- **DoDIG (D2005-055), “DoD Purchase Card Convenience Checks”, May 2005**
 - **Found Convenience Checks written over \$2,500 limit (AF had the most violations - 30 checks from Oct 02 - May 03, Army had 18)**
 - **Split purchases**
 - **Checks issued on a recurring basis**
 - **Checks Issued as payments against contracts**
 - **Check issued to merchants accepting purchase card**
 - **Miscellaneous Income (IRS 1099) information not reported**



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Ongoing reviews



AFAA Reviewing:

- **GPC compliance with Quarterly Enterprise Buy (QEB) policy where computer requirements are consolidated into large quarterly buys**
 - **AF CIO, Mr. Gilligan, is concerned that the requirements that should be a part of the QEB process are being purchased with the GPC instead**
- **AFAA is trying to identify all computer purchases made outside the QEB**



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New audits



- **DoDIG (D2005-D000CK-0202.000), “Audit of Controls Over the Army, Navy, and Air Force Purchase Card Programs”**
 - Reviewing closed accounts and convenience checks
 - Plan to visit Moody and March AFB
- **DODIG (D2005-D000FD-0182.000), “Audit of Internal Controls and Management of Purchase Card Program at the North American Aerospace Defense Command (NORAD) and the United States Northern Command (NORTHCOM)”**



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What's Next



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OMB Circular A-123

Appendix B



Appendix B, Improving the Management of Government Charge Cards Programs, published on 5 Aug

■ New requirements

- **Credit Checks for Purchase Card applicants required**
 - Agency may not issue credit card to applicants with FICO scores below 500
 - If applicant refuses credit check, agency may issue a “restricted card,” but must conduct an alternative assessment for creditworthiness (e.g. SF 86)
 - Required for Foreign Nationals
 - Maintain records of creditworthiness evaluation, consistent with Privacy Act
- **“All program participants” must be trained prior to appointment**
 - Includes Cardholders, Approving Officials, A/OPCs, Financial Services Officers
- **Expanded requirements for Charge Card Managers**
 - Ensure charge card payments are made on time
 - Review refunds (rebates) quarterly to ensure proper amounts are refunded
 - Initiate disciplinary actions for misuse of charge card
 - Contact employees regarding suspicious transactions
 - Develop a Charge Card Management Plan -- Including authorization controls, use of management reports, record retention, misuse, strategic sourcing, risk management controls, and process for ascertaining creditworthiness of potential cardholders



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Other Issues



- **Pending legislation - S. 457**
 - **OMB and GSA would have 180 days to analyze Purchase Card spend to highlight areas for possible savings, GSA would be responsible for negotiating discounts with vendors and OMB would report to Congress on how each agency is doing with achieving savings**
- **Revised SCPD**
 - **Revised version of SCPD finally received, but-**
 -
 - **No change to position grading from previous version**



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Other Issues (con't)



- **Strategic Sourcing -**
 - **BPAs**
 - **Vendor discounts**
- **Improve efficiencies, e.g. rebates**
- **Continue to strengthen controls, e.g. convenience checks**
- **Authentication/Data Mining Pilot (AF - Robins AFB)**
- **Access-On-Line**



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Role of A/OPC



- **Key to success**
 - **Management**
 - **Identify opportunities for improvement**
 - Strategic Sourcing
 - Increase efficiencies (e.g., rebates)
 - Look for opportunities to expand the program where it make sense
 - **Oversight**
 - Accomplish surveillance
 - Use tools provided to identify fraud and misuse
 - Enforce the rules
 - Refer disciplinary action to unit commanders



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Questions?